

## Kentucky Council of Churches

### Comments provided to the Governor's Blue Ribbon Commission on Tax Reform

August 21, 2012

On behalf of the Kentucky Council of Churches, many thanks for your service. Your deliberations will sharpen our debates and improve collective decisions.

The Kentucky Council of Churches is a community encompassing more than a dozen Christian traditions, both Protestant and Catholic. We witness to Christian unity through our relationships and through our actions, including by developing consensus positions on major public issues.

The KCC and its members communicate a vision for service for the common good but especially for the most vulnerable. **Churches and other nonprofits are glad to do our part and we are generous with time and funds.** Our tax status helps us to be trusted servants and to raise volunteer dollars to help others. We pledge to continue doing our best to meet human needs.

Some of Kentucky's challenges are so large that the government must make steady investments that are accountable to everyone. Kentucky needs more consensus on what those challenges are and what the best role for government is in meeting them. Without that consensus, talk of tax reform may have trouble getting on a useful track.

Adequacy of tax revenue is one of your criteria for the success of tax reform, and that is the indispensable starting point for the debates to come. So please let your final report **begin with where Kentuckians want our dollars to be invested for a better future, and how strongly we feel that more dollars are needed for those investments.** This will be a key motivator for tax reform.

Please also let your report **educate about the full spectrum of factors that attract business investment to a state.** Too often, the attraction of investment is used as an excuse to lower tax rates. But businesses look at other factors as well, including the health and education levels of the work force and the quality of the transportation infrastructure. The churches see business as a vocation that exists in the context of community life and for the sake of community life. It is right to expect businesses to carry their fair share in building that context.

Fairness is indeed another of your criteria. Many churches and other faith communities believe that God will judge us primarily on whether we worked for justice for people suffering from poverty. **More than any other value you will promote, we will be looking for this one – how does it affect people who are really suffering?**

This raises the question of how a tax code can increase in fairness. Some people think it is fair to charge everyone the same, but we do not agree. People who have to struggle to get by on smaller incomes should have more of a break than those who may feel they are struggling but in fact have most of their basic human needs pretty well covered. **Paying taxes is just another way we can take care of people so they have a chance to participate in human community with some dignity.**

If you can help this state improve our tax revenues, you **will change the dynamics affecting our public officials. They are afraid to increase tax revenues and so they turn to other solutions that are bad public policy.** A prime example opposed by the Kentucky Council of Churches is the expansion of gambling casinos. This non-solution increases public costs and private pain, and it is a very bad thing for us to give our government a stake in promoting something that harms us.

There is some “low-hanging fruit” – ideas that can meet all your criteria and are proven to work.

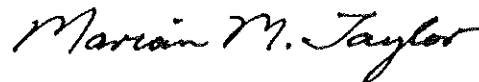
One is to **increase the tax on cigarettes.** It is low compared to some other states, and Kentucky’s overall health bill due to smoking is crippling us, so increasing taxes on cigarettes would make public coffers more adequate in two ways, not just one -- increasing revenue while decreasing health expenses.

Another is to **increase the coal severance tax.** Again, ours is low compared to other coal-mining states. Any time a raw material’s supply is getting depleted, it is wise to use taxes as a sort of savings plan for building a better future when the raw material is no longer as easily available or as desired.

A third is to **institute an Earned Income Tax Credit for Kentucky,** mirroring the successful EITC program at the federal level. This approach gives a targeted break to families where someone is working but where the family is really struggling. It not only helps people get out of poverty, it helps the whole tax system be fairer.

I close my remarks by repeating that the Kentucky Council of Churches thanks you for your service. There is nothing that lies outside of the realm of God’s demands that we care for ourselves and for our neighbors. In church language, you can help us to be better stewards of the resources that ultimately come to us from God and that are only temporarily ours. I’ll continue to pray for your progress!

Respectfully submitted,

A handwritten signature in black ink that reads "Marian M. Taylor". The script is fluid and cursive, with the first letters of each name being capitalized and prominent.

The Rev. Marian M. Taylor, Ph.D  
Executive Director

[www.kycouncilofchurches.org](http://www.kycouncilofchurches.org)  
859-269-7715 or 502-435-8775